

## APPENDIX C

[Note: The following is Section III(D) of Stipulation in 99-381 modified in redline]

An exemption from the approval requirements of the Reorganization Statute (35-A M.R.S.A. §708) shall be granted by the Commission and shall be in effect as follows:

1. Except as provided in Paragraph 2 below, the activities of Pine Tree and Saco River and all entities which presently or in the future are affiliated interests (as defined in 35-A M.R.S.A. § 707) of Pine Tree and Saco River shall be exempt from the requirements of 35-A M.R.S.A. § 708 (and similar successor statutes).

2. The following ~~restructurings (as defined in Section 7 below)~~transactions shall remain subject to the Commission approval requirements of 35-A M.R.S.A. § 708(2):

~~(a) a restructuring of Pine Tree;~~

~~(b) a restructuring of a subsidiary of Pine Tree;~~

~~(c) a restructuring reorganization~~ resulting in the creation of an affiliated interest of Pine Tree or Saco River where (i) it is intended that the affiliate will ~~(i)~~ enter into a contract or arrangement to furnish goods or services to be used by Pine Tree or Saco River or ~~(ii) perform regulated activities formerly or simultaneously performed by Pine Tree;~~it is intended or expected that the affiliate will provide public utility services in the State of Maine. In the case of a reorganization which results in the creation of an affiliated interest of Pine Tree or Saco River, which at

the time of its creation was not intended or expected to be engaged in the activities described in (i) and (ii), above, but which subsequently is intended or expected to engage in such activities, approval will be requested under 35-A M.R.S.A. §708;

(db) a restructuring of PTW as defined in Section 7 below of (i) Pine Tree or Saco River; (ii) CRC LLC, PTHI or any other affiliated interest of Pine Tree or Saco River that is in the ownership chain above Pine Tree or Saco River; or (iii) a subsidiary of Pine Tree or Saco River.

(c) a transaction which results in ABRY Partners no longer having control over the appointment of a majority of the voting power of the CRC LLC Board.

3. The exemption created by Section 1 shall be subject to prospective termination or limitation in whole or in part upon Commission Order ~~for violations of the terms or conditions of Part III(D) of this Stipulation, to an extent reasonably related to the violation, issued pursuant to 35-A M.R.S.A. §1321~~ after notice and hearing to the affected parties as provided therein.

4. The limited exemption created by Section 1 applies only to the requirement of 35-A M.R.S.A. § 708(2) that the Commission approve reorganizations. The exemption does not apply to the approval requirements of 35-A M.R.S.A. § 707(3) that requires Pine Tree and Saco River to obtain Commission approval to extend or receive credit or to make or receive a loan to or from an affiliated interest or to make any contract or arrangement for the furnishing of management, supervision or construction, engineering, accounting, legal, financial or similar services, or to furnish any service or real or personal property other than those

enumerated in 35-A M.R.S.A. § 707(3) with any affiliated interest; or to any other provision of Title 35-A. The Commission retains its powers under 35-A M.R.S.A. § 707(2) to inspect books, accounts and records of Pine Tree, Saco River or of an affiliated interest that relate, directly or indirectly, to transactions between Pine Tree or Saco River and an affiliated interest.

5. Pine Tree and Saco River shall ensure that no restructurings undertaken by ~~it~~Pine Tree or Saco River, by PTWCRC, PTHI or any other affiliated interest of Pine Tree or Saco River that is in the ownership chain above Pine Tree or Saco River or by any of the subsidiaries of either Pine Tree, Saco River or PTWCRC, PTHI or any other affiliated interest of Pine Tree or Saco River that is in the ownership chain above Pine Tree or Saco River, individually or in aggregate, shall materially impair the ability of Pine Tree or Saco River to attract capital on reasonable terms.

6. As a condition of the granting of the exemption in Section 1, PTWCRC and its affiliates shall not take any action pursuant to the exemption that materially impairs the ability of Pine Tree or Saco River to attract capital on reasonable terms.

7(a). For purposes of paragraphs 2 ~~(a), (b) and (c)~~, a “restructuring” means (i) the creation of an affiliated interest that owns 10% or more of the entity being restructured, and (ii) the, consolidation, merger, liquidation, ~~transfer of ownership and control~~, dissolution or termination of the ~~described~~ entity being restructured, accomplished by the issue, sale, acquisition, lease, exchange, distribution or transfer of ~~more than ten percent (10%) of the described entity’s voting securities~~ the voting securities of the entity being restructured, in a single transaction or a related set of transactions, ~~to~~when the voting securities are acquired by one entity or ~~to~~ a group of entities that are affiliated with each other, and

(iii) the transfer of ownership or control accomplished by the issue, sale, acquisition, lease, exchange, distribution or transfer of 10% or more of the voting securities of the entity being restructured, in a single transaction or a related set of transactions, when the voting securities are acquired by one entity or a group of entities that are affiliated with each other.

~~(b) — For the purposes of paragraph 2(d), a restructuring of PTW means the creation of an affiliated interest of PTW or the consolidation, merger, liquidation, transfer of ownership and control, dissolution or termination of PTW, accomplished by the issue, sale, acquisition, lease, exchange, distribution or transfer of more than ten percent (10%) of PTW's common stock, in a single transaction or a related set of transactions, to one entity or to a group of entities that are affiliated with each other. For purposes of paragraph 2(d), a restructuring of PTW shall also include (i) the conversion of an amount of Voting Security Preferred Stock of PTW (as defined below) to ten percent (10%) or more (after conversion) of the Common Stock of PTW, (ii) the transfer of fifty percent (50%) or more of the Voting Security Preferred Stock in PTW or the (iii) acquisition of ten percent (10%) or more of the Voting Security Preferred Stock in PTW, in each case, in one or more transactions, by one person or entity or by a group of persons or entities that are affiliated with each other. For the purposes of paragraph 2(d) and this paragraph 7, "Voting Security Preferred Stock" shall mean the Initial Preferred Stock and any other preferred stock issued by PTW which, by ownership or pursuant to a Stockholders Agreement, has substantially the same rights of approval as possessed by Prudential under the Stockholders Agreement as described on pages 4 and 5 of this Stipulation.~~

(eb) By contrast to a “restructuring”, the “reorganization” of a public utility includes the creation, consolidation, merger, liquidation, transfer of ownership and control, dissolution or termination, direct or indirect in whole or in part, of an affiliated interest as defined in Section 707.

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